

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
79th Oregon Legislative Assembly  
2017 Regular Session  
Legislative Revenue Office

**Bill Number:** SB 123 - B4  
**Revenue Area:** Property Taxes  
**Economist:** Kyle Easton  
**Date:** 6/28/2017

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Authorizes formation of children's special districts and provides districts the authority to assess, levy and collect local option ad valorem property taxes to pay the cost of children's services within the boundaries of the district. Specifies that children's special districts may not propose or have a permanent rate limit for operating taxes. For purposes of children's special districts, defines "children" as individuals who are not more than 18 years old and "children's services" as services that support children's total health and well-being that are provided to children outside of school hours.

Requires a children's special district that dedicates any revenue of children's special district to be used for educational services, including support services, as determined in a final decision of a court, to discontinue the project and instead use the revenue for a project that does not constitute education services, including support services.

**Revenue Impact:** No direct revenue impact (see impact explanation)

**Impact Explanation:**

Measure as engrossed allows but does not require the formation of Children's Special Districts. As such, the measure has no direct impact on property tax revenues. Upon formation, Children's Special Districts will have the ability to assess, levy and collect local option ad valorem property taxes. If a Children's Special District is formed and local option property taxes are imposed, then property taxes extended upon properties within the district's boundaries, absent a property being in compression, would increase.

Depending upon the use of the funds derived from the imposition of the Children's Special District property tax, property taxes imposed by other taxing districts (both non-education and possibly education districts) could be reduced due to Constitutional property tax rate limits. While the B engrossed version prohibits a children's special district from using revenue to fund projects relating to education services (as defined in Article XI, section 11b, of the Oregon Constitution), the prohibition only exists if a court determines that a children's special district holds that the district used revenues to fund education services.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No